



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
PENDLETON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE PENDLETON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Pendleton County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$33,349 from the prior fiscal year, resulting in a cash surplus of \$3,352,908 as of June 30, 2000. Revenues decreased by \$550,658 from the prior year and disbursements decreased by \$58,212.

Debt Obligations:

Total bonded debt principal as of June 30, 2000, was \$1,840,000. Future collections of \$2,773,300 are needed over the next fourteen years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$376,000 as of June 30, 2000. Future principal and interest payments of \$460,647 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Henry W. Bertram, Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Pendleton County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Pendleton County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pendleton County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions as of June 30, 2000, of Pendleton County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
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In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2001 on our consideration of Pendleton County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Pendleton County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 15, 2001

PENDLETON COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Henry W. Bertram	County Judge/Executive
Lee Roy Faulkner	Magistrate
Jeff Dicken	Magistrate
David Dunaway	Magistrate
William L. Klaber	Magistrate
Anthony Messmer	Magistrate
Jack Sumpter	Magistrate
Sandra Jo Wells	Magistrate

Other Elected Officials:

C. Donald Wells	County Attorney
Richard A. Colvin	Jailer
Bonnie S. Monroe	County Clerk
Marvin Sullivan	Circuit Court Clerk
Lark Edward O'Hara	Sheriff
John Steele	Property Valuation Administrator
John Peoples	Coroner

Appointed Personnel:

Dennis Moneyhon	County Treasurer
Kandra Browning	Finance Officer

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**STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS**

PENDLETON COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	438,884	
Road and Bridge Fund:			
Cash		651,241	
Jail Fund:			
Cash		28,503	
Local Government Economic Assistance Fund:			
Cash		1,153,204	
Ambulance Fund:			
Cash		25,952	
Flood Fund:			
Cash		14,103	
E-911 Fund:			
Cash		55,199	
Mental Health/Mental Retardation Tax Fund:			
Cash		<u>164,928</u>	\$ 2,532,014

Debt Service Fund Type

Public Properties Corporation Fund:			
Cash	\$	268,320	
Investments		<u>552,574</u>	820,894

Other Resources

General Fund Type

General Fund:			
Amounts to be Provided in Future Years for Lease Principal Payments			101,000

Debt Service Fund Type

Public Properties Corporation Fund:			
Amounts to be Provided in Future Years for Bond Principal Payments			<u>1,019,106</u>

The accompanying notes are an integral part of the financial statements.

PENDLETON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Assets and Other Resources (Continued)

Total Assets and Other Resources		<u>\$ 4,473,014</u>
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Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:		
Capital Lease Principal Obligation (Note 4)	\$	101,000

Debt Service Fund Types

Public Properties Corporation Fund:		
Bonds Not Matured (Note 6)		1,840,000

Fund Balances

Reserved:

General Fund Type

Ambulance Fund	\$	25,952	
Flood Fund		14,103	
E-911 Fund		55,199	
Mental Health/Mental Retardation Tax Fund		<u>164,928</u>	260,182

Unreserved:

General Fund Type

General Fund	\$	438,884	
Road and Bridge Fund		651,241	
Jail Fund		28,503	
Local Government Economic Assistance Fund		<u>1,153,204</u>	<u>2,271,832</u>

Total Liabilities and Fund Balances		<u>\$ 4,473,014</u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,865,543	\$ 918,001	\$ 797,548	\$ 87,976
Transfers In	610,118	66,385		210,000
Total Cash Receipts	<u>\$ 3,475,661</u>	<u>\$ 984,386</u>	<u>\$ 797,548</u>	<u>\$ 297,976</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,609,487	\$ 741,412	\$ 797,199	\$ 328,839
Transfers Out	610,118	342,000	65,422	
Bonds:				
Principal Paid	108,000			
Interest Paid	112,195			
Total Cash Disbursements	<u>\$ 3,439,800</u>	<u>\$ 1,083,412</u>	<u>\$ 862,621</u>	<u>\$ 328,839</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 35,861	\$ (99,026)	\$ (65,073)	\$ (30,863)
Cash Balance - July 1, 1999	<u>3,317,045</u>	<u>537,910</u>	<u>716,314</u>	<u>59,366</u>
Cash Balance - June 30, 2000	<u>\$ 3,352,906</u>	<u>\$ 438,884</u>	<u>\$ 651,241</u>	<u>\$ 28,503</u>

The accompanying notes are an integral part of the financial statements.

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

General Fund Type					
Local Government Economic Assistance Fund	Community Development Block Grant Fund	Ambulance Fund	Flood Fund	E-911 Fund	Mental Health/ Mental Retardation Tax Fund
\$ 683,374	\$ 63,259	\$ 132,384 132,000	\$ 608	\$ 55,199	\$ 83,342
<u>\$ 683,374</u>	<u>\$ 63,259</u>	<u>\$ 264,384</u>	<u>\$ 608</u>	<u>\$ 55,199</u>	<u>\$ 83,342</u>
\$ 318,033 201,733	\$ 63,259	\$ 287,315	\$	\$	\$ 73,430 963
<u>\$ 519,766</u>	<u>\$ 63,259</u>	<u>\$ 287,315</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,393</u>
\$ 163,608 989,596	\$	\$ (22,931) 48,883	\$ 608 13,495	\$ 55,199	\$ 8,949 155,979
<u>\$ 1,153,204</u>	<u>\$ 0</u>	<u>\$ 25,952</u>	<u>\$ 14,103</u>	<u>\$ 55,199</u>	<u>\$ 164,928</u>

The accompanying notes are an integral part of the financial statements.

PENDLETON COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

	<u>Debt Service Fund Type</u>	
	<u>Public Properties Corporation Fund</u>	<u>Voted Hospital Bond Fund</u>
<u>Cash Receipts</u>		
Schedule of Operating Revenue	\$ 43,852	\$
Transfers In	<u>201,733</u>	<u></u>
Total Cash Receipts	<u>\$ 245,585</u>	<u>\$ 0</u>
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$
Transfers Out		
Bonds:		
Principal Paid	90,000	18,000
Interest Paid	<u>111,733</u>	<u>462</u>
Total Cash Disbursements	<u>\$ 201,733</u>	<u>\$ 18,462</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 43,852	\$ (18,462)
Cash Balance - July 1, 1999	<u>777,040</u>	<u>18,462</u>
Cash Balance - June 30, 2000	<u><u>\$ 820,892</u></u>	<u><u>\$ 0</u></u>

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Pendleton County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Pendleton County Public Properties Corporation as part of the reporting entity.

Additional - Pendleton County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Pendleton County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Pendleton County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Pendleton County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Community Development Block Grant Fund (CDBG), Ambulance Fund, Flood Fund, E-911 Fund, and Mental Health/Mental Retardation Tax Fund.

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Public Properties Corporation Fund and Voted Hospital Bond Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Pendleton County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Pendleton County Fiscal Court: Pendleton Water District, East Pendleton Water District, Airport Board, Conservation District, and Library.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the Parks and Recreation agency is a joint venture between Pendleton County, the City of Falmouth, the City of Butler, and the Pendleton County School. The Planning Commission is a joint venture between Pendleton County, the City of Falmouth, and the City of Butler.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

PENDLETON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 3. Deposits and Investments

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully collateralized at a 100% level with collateral of pledged securities held by the county's agent in the county's name.

Note 4. Water District Capital Lease-Purchase Agreement

On April 3, 1997, Pendleton County Fiscal Court entered into a twenty-year lease with the Kentucky Association of Counties Leasing Trust (KACoLT) for the financing and purchase of a 3,700 square foot commercial and office building and land for the Pendleton County Water District. Interest is paid on a monthly basis, and a principal payment is made annually until termination of the lease in fiscal year ending June 30, 2017, as shown in the following table.

<u>Fiscal Year</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000-01	\$ 6,334	\$ 4,000
2001-02	6,079	4,000
2002-03	5,824	4,000
2003-04	5,569	4,000
2004-05	5,287	5,000
2005-2014	34,599	80,000
Totals	<u>\$ 63,692</u>	<u>\$ 101,000</u>

The Pendleton County Fiscal Court subsequently entered into a sublease agreement with the Pendleton County Water District for the building and land. As of fiscal year end, the Water District was in substantial compliance with the terms of the sublease agreement.

PENDLETON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 5. Kentucky Area Development District Interim Financing

On September 1, 1998, the Pendleton County Fiscal Court entered into a three-year lease with the Kentucky Area Development Districts Financing Trust in the amount of \$275,000 for interim financing of the detention facility project. The one time principal payment of \$275,000 is due in November 2001 while the interest is due bi-annually in November and May starting November 1998 and ending November 2001. The following table presents a schedule of remaining payments as of June 30, 2000.

Payment Date	Principal Payment	Interest Payment
11-20-00	\$	\$ 6,985
05-20-01		6,985
11-20-01	275,000	6,985
Total	<u>\$ 275,000</u>	<u>\$ 20,955</u>

Note 6. Bonds Outstanding

The Pendleton County Public Properties Corporation issued Certificates of Participation Series 1993 dated January 1, 1994 in the amount of \$1,930,000. Principal payments are due February 1 of each year through February 1, 2014. Interest on the Certificates of Participation varies from 3.25% to 6.25% and is payable each February 1 and August 1. The following table shows future bond payments due.

Fiscal Year	Interest Rate	Scheduled Interest	Scheduled Principal
2000-01	5.00%	\$ 107,458	\$ 90,000
2001-02	5.10%	102,958	95,000
2002-03	5.20%	98,112	100,000
2003-04	5.30%	92,912	105,000
2004-05	5.45%	87,347	110,000
2005-2014	5.55 – 6.25%	444,513	1,340,000
Totals		<u>\$ 933,300</u>	<u>\$ 1,840,000</u>

Note 7. Insurance

For the fiscal year ended June 30, 2000, Pendleton County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

PENDLETON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 8. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

During Fiscal Year Ended June 30, 2000, the Pendleton County Jail Canteen received \$23,088 and expended \$22,823. The Jail Canteen reported an ending balance of \$2,780 for Fiscal Year Ended June 30, 2000.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

PENDLETON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
<u>General Fund Type</u>			
General Fund	\$ 544,297	\$ 918,001	\$ 373,704
Road and Bridge Fund	674,308	797,548	123,240
Jail Fund	333,262	87,976	(245,286)
Local Government Economic Assistance Fund	428,840	683,374	254,534
Community Development Block Grant Fund	542,660	63,259	(479,401)
Ambulance Fund	278,500	132,384	(146,116)
Flood Fund	525,100	608	(524,492)
E-911 Fund	180,000	55,199	(124,801)
Mental Health/Mental Retardation Tax Fund	87,000	83,342	(3,658)
Totals	<u>\$ 3,593,967</u>	<u>\$ 2,821,691</u>	<u>\$ (772,276)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,593,967
Add: Budgeted Prior Year Surplus			2,350,000
Less: Other Financing Uses			<u>(201,735)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 5,742,232</u>

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SCHEDULE OF OPERATING REVENUE

PENDLETON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES		
	Totals (Memorandum Only)	General Fund Type	Debt Service Fund Type
REVENUE:			
Taxes	\$ 774,560	\$ 774,560	\$
Excess Fees	64,255	64,255	
License and Permits	3,759	3,759	
Intergovernmental Revenues	1,542,042	1,542,042	
Charges for Services	245,993	245,993	
Miscellaneous Revenues	44,085	44,085	
Interest Earned	190,849	146,997	43,852
Total Operating Revenue	\$ 2,865,543	\$ 2,821,691	\$ 43,852

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

PENDLETON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 531,935	\$ 428,693	\$ 103,242
Protection to Persons and Property	1,075,109	780,169	294,940
General Health and Sanitation	449,881	178,356	271,525
Social Services	7,500	4,500	3,000
Recreation and Culture	28,700	13,182	15,518
Roads	1,307,603	786,995	520,608
Airports	4,000	2,500	1,500
Debt Service	34,452	33,397	1,055
Capital Projects	270,578	19,387	251,191
Administration	2,032,474	362,308	1,670,166
Total Operating Budget - All General Fund Types	\$ 5,742,232	\$ 2,609,487	\$ 3,132,745
Other Financing Uses:			
Transfers to Public Property Corporation Fund	201,735	201,733	2
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 5,943,967</u>	<u>\$ 2,811,220</u>	<u>\$ 3,132,747</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
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Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Henry W. Bertram, Pendleton County Judge/Executive
Members of the Pendleton County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Pendleton County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated June 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pendleton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pendleton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett, Jr.", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 15, 2001

CERTIFICATION OF COMPLIANCE –
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

PENDLETON COUNTY FISCAL COURT

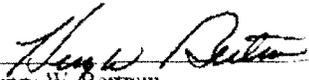
Fiscal Year Ended June 30, 2000

Appendix A

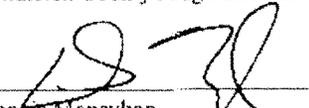
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
PENDLETON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Pendleton County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Henry W. Bertram
Pendleton County Judge/Executive



Dennis Moneyhon
Pendleton County Treasurer